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AMERICAN BAKERS ASSOCIATION

M E M O R A N D U M

DATE: August 25, 1986

TO: ABA Members

FROM: Paul C. Abenante

RE: Annual Cost Survey/Unit Cost Per One-Pound Loat of Bread

Attached is a copy of the ABA 1985 Cost Survey. The results of the survey are based upon data submitted by 198 plants throughout the United States. For comparison purposes, we have also included data from the last few years. Based on this limited sample, 1985, like 1984 (based on 140 plants), showed a pretax profit of 4.6% -- the best since 1977.

All the data was submitted to an outside accounting firm, who reviewed and then compiled the results for ABA. The attached tabular presentation includes the mean amounts. The mean for each variable is the sum of all statistics reported for a particular question, divided by the number of responses to that question.

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AMERICAN BAKERS ASSOCIATION

1985 COST SURVEY

WEIGHTED AVERAGE UNIT VALUE AND

UNIT COST PER ONE-POUND LOAF OF BREAD

	All values are expressed as fractions of dollars	
	Weighted Average 1985	Percent of Total Unit Value 1985
WHOLESALE PRODUCTION UNIT VALUE	$ .5802	100.0
INGREDIENTS - TOTAL COST	.1170	20.2
Flour only	.0715	12.3
Sweeteners only	.0098	1.7
Shortening only	.0091	1.6
Ingredients - all others	.0266	4.6
WRAPPING MATERIALS	.0202	3.5
MANUFACTURING LABOR AND FRINGES	.0581	10.0
WAGES - INDIRECT AND FRINGES	.0324	5.6
OTHER MANUFACTURING EXPENSE	.0390	6.7
SELLING WAGES AND FRINGES - TOTAL COST	.1262	21.8
Drivers sales compensation - wages and fringes only	.0763	13.2
All other selling wages and fringes	.0499	8.6
ALL OTHER SELLING AND ADVERTISING EXPENSES - TOTAL COST	.1247	21.6
Advertising and promotion expenses	.0114	2.0
All other selling and advertising expenses except returns	.0729	12.6
Returns at full wholesale value	.0404	7.0
ADMINISTRATIVE EXPENSE	.0361	6.2
GRAND TOTAL EXPENSES	.5537	95.4
PRETAX PROFIT	$ .0265	4.6
NUMBER OF PLANTS INCLUDED IN THIS REPORT	198	

	1985		1984		1983		1982		1981	
	140		138		244		256		263	
	CENTS	%	CENTS	%	CENTS	%	CENTS	%	CENTS	%
Wholesale Production Unit Value	0.5802	100%	0.5396	100%	0.5341	100%	0.5396	100%	0.5183	100%
UNIT COSTS -- EXPENSES										
Ingredients-Total Cost	0.1170	20.20%	0.1195	22.20%	0.1212	22.69%	0.1182	21.91%	0.1253	24.18%
a. Flour Only	0.0715	12.30	0.0729	13.50	0.0776	14.53	0.0767	14.21	0.0795	15.34
b. Sweeteners Only	0.0098	1.70	0.0101	1.90	0.0110	2.06	0.0098	1.82	0.0127	2.45
c. Shortening Only	0.0091	1.60	0.0096	1.80	0.0088	.1.65	0.0078	1.45	0.0087	1.68
d. Ingredients All Other	0.0266	4.60	0.0269	5.00	0.0238	4.45	0.0239	4.43	0.0244	4.71
Wrapping Materials	0.0202	3.50	0.0199	3.70	0.0191	3.58	0.0195	3.61	0.0197	3.80
Manufacturing Labor & Fringes	0.0581	10.00	0.0537	10.00	0.0509	9.53	0.0510	9.45	0.0474	9.15
Wages -- Indirect & Fringes	0.0324	5.60	0.0338	6.30	0.0285	5.34	0.0278	5.15	0.0263	5.07
Other Manufacturing Expense	0.0390	6.70	0.0396	7.30	0.0347	6.49	0.0385	7.13	0.0349	6.73
Selling Wages & Fringes -- Total Cost	0.1262	21.80	0.1033	19.00	0.1174	21.98	0.1173	21.74	0.1110	21.42
a. Drivers' Sales Comp-Wages & Fringes Only	0.0763	13.20	0.0629	11.60	0.0702	13.14	0.0701	12.99	0.0664	12.31
b. All Other Selling Wages & Fringes	0.0499	8.60	0.0404	7.40	0.0472	8.84	0.0472	8.75	0.0446	8.61
All Other Selling & Advertising Expenses -- Total Cost	0.1247	21.60	0.1107	20.50	0.1096	20.52	0.1103	20.44	0.1013	19.54
a. Ad & Promo Expenses	0.0114	2.00	0.0129	2.40	0.0104	1.95	0.0088	1.63	0.0095	1.83
b. All Other S&A Expenses Except Returns	0.0729	12.60	0.0617	11.40	0.0570	10.67	0.0608	11.27	0.0505	9.74
c. Returns at Full Wholesale Value	0.0404	7.00	0.0361	6.70	0.0422	7.90	0.0407	7.54	0.0413	7.97
Administrative Expenses	0.0361	6.20	0.0343	6.40	0.0323	6.05	0.0326	6.05	0.0305	5.88
GRAND TOTAL EXPENSES	0.5537	95.40	0.5148	95.40	0.5137	96.18	0.5152	95.48	0.4964	95.77
PRETAX PROFIT	$0.0265	4.60	0.0248	4.60	0.0204	3.82	0.0244	4.52	0.0219	4.23

	1980		1979		1978		1977		1976	
	277		278		287		287		337	
	CENTS	%	CENTS	%	CENTS	%	CENTS	%	CENTS	%
Wholesale Production Unit Value	0.4849	100%	0.4346	100%	0.3916	100%	0.3668	100%	0.3632	100%
UNIT COSTS -- EXPENSES										
INGREDIENTS-Total Cost	0.1193	24.60%	0.1057	24.32%	0.0898	22.93%	0.0827	22.55%	0.0958	29.40%
a. Flour Only	0.0769	15.86	0.0682	15.69	0.0555	14.17	0.0502	13.68	0.0630	17.30
b. Sweeteners Only	0.0121	2.49	0.0086	1.69	0.0078	1.99	0.0074	2.02	0.0088	2.40
c. Shortening Only	0.0089	1.84	0.0095	2.19	0.0081	2.07	0.0078	2.13	0.0067	1.90
d. Ingredients All Other	0.0214	4.41	0.0194	4.46	0.0184	4.70	0.0173	4.72	0.0173	4.80
Wrapping Materials	0.0185	3.82	0.0163	3.75	0.0162	4.14	0.0164	4.47	0.0164	4.50
Manufacturing Labor & Fringes	0.0441	9.09	0.0412	9.48	0.0385	9.83	0.0343	9.35	0.0320	8.80
Wages -- Indirect & Fringes	0.0237	4.89	0.0226	5.20	0.0198	5.06	0.0184	5.02	0.0165	4.50
Other Manufacturing Expenses	0.0314	6.48	0.0285	6.56	0.0252	6.44	0.0236	6.43	0.0202	5.60
SELLING WAGES & FRINGES -- Total Cost	0.1049	21.63	0.0986	22.69	0.0911	23.26	0.0825	22.49	0.0781	21.50
a. Driver's Sales Comp-Wages & Fringes Only	0.0631	13.01	0.0608	13.99	0.0566	14.45	0.0512	13.96	0.0493	13.60
b. All Other Selling Wages & Fringes	0.0418	8.62	0.0378	8.70	0.0345	8.81	0.0313	8.53	0.0288	7.90
ALL OTHER SELLING & ADVERTISING EXPENSES -- Total Cost	0.0982	20.25	0.0821	18.89	0.0737	18.82	0.0701	19.11	0.0698	19.20
a. Ad & Promo Expenses	0.0086	1.77	0.0090	2.07	0.0088	2.25	0.0083	2.26	0.0084	2.30
b. All Other S&A Expenses Except Returns	0.0475	9.80	0.0378	8.70	0.0338	8.63	0.0323	8.81	0.0319	8.80
c. Returns at Full Wholesale Value	0.0421	8.68	0.0353	8.12	0.0311	7.94	0.0295	8.04	0.0295	8.10
ADMINISTRATIVE EXPENSES	0.0275	5.67	0.0249	5.73	0.0214	5.46	0.0202	5.51	0.0185	5.10
GRAND TOTAL EXPENSES	0.4676	96.43	0.4199	96.62	0.3757	95.46	0.3482	94.93	0.3473	95.60
PRETAX PROFIT	0.0173	3.57	0.0147	3.38	0.0159	4.06	0.0186	5.07	0.0159	4.40